

PUBLIC DISCLOSURE

DECEMBER 20, 2005

COMMUNITY REINVESTMENT ACT PERFORMANCE EVALUATION

SECURE CREDIT UNION

138 MAIN STREET
MELROSE, MA 02176

DIVISION OF BANKS
ONE SOUTH STATION
BOSTON, MA 02110

<p>NOTE: This evaluation is not, nor should it be construed as, an assessment of the financial condition of this institution. The rating assigned to this institution does not represent an analysis, conclusion or opinion of the Division of Banks concerning the safety and soundness of this financial institution.</p>
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GENERAL INFORMATION

The Community Reinvestment Act ("CRA") requires the Massachusetts Division of Banks ("Division") to use its authority when examining financial institutions subject to its supervision, to assess the institution's record of meeting the needs of its entire assessment area, including low and moderate-income neighborhoods, consistent with safe and sound operation of the institution. Upon conclusion of such examination, the Division must prepare a written evaluation of the institution's record of meeting the credit needs of its community.

This document is an evaluation of the CRA performance of **SECURE CREDIT UNION (or the "Credit Union")** prepared by the Division, the institution's supervisory agency, as of **DECEMBER 20, 2005**. The Division rates the CRA performance of an institution consistent with the provisions set forth in 209 CMR 46.00.

INSTITUTION'S CRA RATING: This institution is rated "Satisfactory"

Secure Credit Union is industrial in nature; therefore it defines its assessment area as its members. The overall rating is comprised of three performance criteria of the small institution examination procedures for industrial credit unions: Loan-to-Share Ratio, Lending to Borrowers of Different Incomes and Fair Lending.

The Credit Union's average net loan-to-share ratio for the period of September 30, 2003 to June 30, 2005 was 62.7 percent and met the standards for satisfactory performance. The Credit Union's distribution of credit among different income levels is reasonable and considered to meet the standards for satisfactory performance. In addition, the Credit Union's fair lending performance was found to be satisfactory at the time of the examination and no CRA complaints were received since the previous examination.

PERFORMANCE CONTEXT

Description of Institution

Secure Credit Union was chartered by the Commonwealth of Massachusetts in 1929. Secure Credit Union defines its members as anyone who lives or works in Melrose, Saugus, Wakefield, Stoneham, Malden, Medford or Revere, the Credit Union's employees, an employee or retired persons of a utility company that is involved with the delivery of electricity or natural gas, as well as the immediate families of an existing member. As of June 30, 2005, the Credit Union had assets of approximately \$23.7 million with loans comprising of 61.1 percent of all assets, or a total of approximately \$14,469,487 million. The Credit Union's loan portfolio is mainly comprised of first mortgage real estate loans/lines, other unsecured loans/lines of credit, other real estate loans/lines of credit, used vehicle loans and unsecured credit card loans.

The following chart illustrates the composition of the loan portfolio.

Loan Distribution as of June 30, 2005		
Loan Type	Dollar Amount \$	Percent (%)
Unsecured Credit Card Loans	1,071,802	7.3
All Other Unsecured Loans/Lines of Credit	1,877,239	12.9
New Vehicle Loans	570,431	3.9
Used Vehicle Loans	1,380,790	9.4
First Mortgage Real Estate Loans/Lines	8,051,485	55.2
Other Real Estate Loans/Lines of Credit	1,575,818	10.8
All Other Loans/Lines of Credit	69,730	0.5
Less: Allowance for Loan & Lease Losses	(127,808)	0.0
TOTAL	14,469,487	100.0

Source: Report of Condition

Secure Credit Union's only office and branch is located at 138 Main Street Melrose, Massachusetts. The Credit Union has no ATM machines, but is linked to the NYCE network and is also a member of the SUM and Cirrus networks, which are surcharge-free alliances of several financial institutions that include over 1,000 ATMs throughout Massachusetts. The Credit Union's customers can avoid ATM surcharges by conducting business at alliance members' ATMs that bear the SUM logo.

The Credit Union offers free telephone and online banking, to its checking, savings, investment and loan account members. This banking service provides 24 hour/7 day account information and access. This service also allows members to check current balances, to transfer funds, purchase checks and to make loan payments.

Services and hours of operation are Monday through Wednesday from 8 AM to 4 PM, Thursday 8 AM to 6 PM, Friday 8AM to 5 PM and Saturday from 8 AM to 12 noon.

The Division last examined Secure Credit Union for compliance with CRA on March 14, 2000. The Credit Union's CRA performance was rated Satisfactory at that time.

PERFORMANCE CONTEXT (CONTINUED)

Parity Powers

In September 2004, Secure Credit Union received approval from the Division to engage in certain activities authorized under the “Parity with Federal Credit Union Regulations”, 209 CMR 50.00. Those parity powers that may impact the Credit Union’s CRA performance are as follows:

- Automobile direct loan financing up to 100% of the value of the collateral up to \$60,000 for a term up to 12 years pursuant to 209 CMR 50.06(3)(f)
- First lien residential mortgage loan up to \$300,000 up to 95% loan-to-value for a term up to 40 years pursuant to 209 CMR 50.06(3)(j)1 and 209 CMR 50.06(3)(k)1
- Second lien or non-purchase money first lien closed-end home equity residential mortgage loans up to \$100,000 up to 95% loan-to-value for a term up to 20 years pursuant to 209 CMR 50.06(j)(2). And 209 CMR 50.06(3)(k)1
- Total real estate borrowing limitation per member of \$400,000 pursuant to 209 CMR 50.06(3)(j)1 and 209 CMR 50.06(3)(j)2.

Description of Assessment Area

Secure Credit Union defined its assessment area, during the review period, as its membership, in accordance with the Massachusetts CRA regulation, 209 CMR 46.41(8), which states “Notwithstanding the requirements of this section, a credit union whose membership by-law provisions are not based on residence may delineate its membership as its assessment area.” The Credit Union has elected to identify its assessment area in this manner.

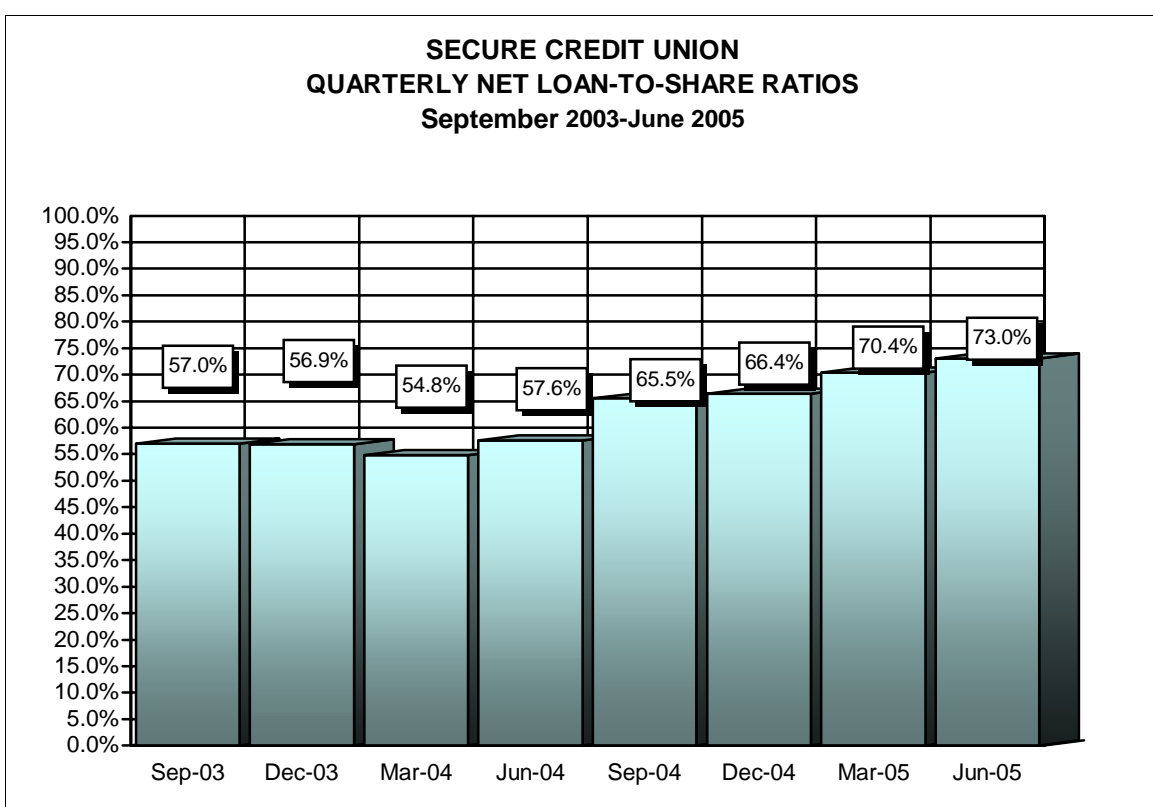
The Credit Union’s membership (as incorporated in its by-laws) is open to anyone who lives or works in Melrose, Saugus, Wakefield, Stoneham, Malden, Medford or Revere, the Credit Union’s employees, an employee or retired persons of a utility company that is involved with the delivery of electricity or natural gas, as well as the immediate families of an existing member.

PERFORMANCE CRITERIA

LOAN TO DEPOSIT ANALYSIS

Based upon the Credit Union's asset size, its capacity to lend, and the credit needs of its members, the Credit Union's net loan-to-share ratio indicates that the Credit Union meets the standards of satisfactory performance.

An analysis of Secure Credit Union's net loan-to-share ("LTS") ratios was performed using National Credit Union Administration ("NCUA") quarterly call reports from September 30, 2003, through June 30, 2005. This analysis was conducted to determine the extent of the Credit Union's lending compared to deposits received from its members. The ratios during this time period ranged from a low of 54.8 percent on March 2004 to a high of 73.0 percent in June 2005. The average net LTS ratio for the period was 62.7 percent. The following graph illustrates the net LTS detail for the period reviewed.



LENDING TO BORROWERS OF DIFFERENT INCOMES

The distribution of residential and consumer loans to borrowers of different incomes reflects reasonable penetration among all income levels. Based upon this analysis, the Credit Union's efforts meet the standards for satisfactory performance.

The Credit Union purchased 17 real estate loans in 2003 totaling \$2,320,750, 18 loans during 2004 totaling \$3,078,561 and 9 loans year-to-date November 30, 2005 totaling

PERFORMANCE CRITERIA (CONTINUED)

\$2,343,000. Purchases include first mortgage loans. The Credit Union originated 183 consumer loans in 2004 totaling \$1,399,889 and 159 consumer loans in 2005 totaling \$1,714,428. Originations include new and used auto, unsecured, recreational vehicle and share secured. A sample of 43 real estate loans from 2003, 2004 and year-to-date 2005 and 20 consumer loans from 2004 and 2005 was taken in order to determine the distribution of credit based on the income levels of members. The originations were categorized by the ratio of the applicant's reported income to the estimated 2003, 2004 and 2005 median family incomes. The income figures are based on estimated Department of Housing and Urban Development ("HUD") information which is described in the table below.

Median Family Income Levels			
MSA	2003	2004	2005
Boston	\$80,800	N/A	N/A
• Essex County MAMD		\$76,000	\$76,700
• Cambridge-Newton-Framingham MAMD		\$88,600	\$89,350
• Boston-Quincy MAMD		\$75,300	\$76,400
Lawrence	\$74,300	N/A	N/A
Lowell	\$79,700	N/A	N/A
Manchester, NH	N/A	\$72,800	
Pawtucket, RI	N/A	\$61,300	N/A

** These figures are based on estimates from the Department of Housing and Urban Development (HUD).*

Low income is defined by the US Census Bureau as income below 50 percent of the median family income level for the Metropolitan Statistical Area ("MSA"). Moderate income is defined as income between 50 and 79 percent of the median family income level for the MSA. Middle income is defined as income between 80 and 119 percent of the median income. Upper income is defined as income equal to or greater than 120 percent of the median income.

A sample of real estate loans reviewed for 2003, 2004 and year-to-date 2005 indicated that 37.2 percent of the loans were to low-income and moderate-income members. The following table provides further detail.

Residential Lending to Members of Different Income Levels

% OF MEDIAN MSA INCOME	2003		2004		2005		TOTAL	
	#	%	#	%	#	%	#	%
<50%	1	5.0	1	7.1	0	0.0	2	4.6
50% - 79%	8	40.0	5	35.7	1	11.1	14	32.6
80% - 119%	7	35.0	5	35.7	2	22.2	14	32.6
120% >	4	20.0	3	21.4	6	66.7	13	30.2
TOTAL	20	100.0	14	100.0	9	100.0	43	100.0

Source: In House Loan Files – 2003, 2004 and year-to-date 2005

PERFORMANCE CRITERIA (CONTINUED)

A sample of consumer loans reviewed for 2004 and year-to-date 2005 indicated that 70 percent of the loans were to low-income and moderate-income members. The following table provides further detail.

Consumer Lending to Members of Different Income Levels

% OF MEDIAN MSA INCOME	2004		2005		TOTAL	
	#	%	#	%	#	%
<50%	5	50.0	1	10.0	6	30.0
50% - 79%	3	30.0	5	50.0	8	40.0
80% - 119%	2	20.0	4	40.0	6	30.0
120% >	0	0.0	0	0.0	0	0.0
TOTAL	10	100.0	10	100.0	20	100.0

Source: In House Loan Files – 2004 and year-to-date 2005

It should be noted that the majority of the consumer loans were granted to single applicants. Therefore, the percentage of originations to low and moderate-income members would be higher than that of residential mortgage originations, where the income is usually the result of joint combined incomes. Of the sampled consumer loans reviewed, 4 were joint applicants

REVIEW OF COMPLAINTS/FAIR LENDING POLICIES AND PRACTICES

Review of Complaints

Based upon the review of the Credit Union's public comment file and its performance relative to fair lending policies and practices the institution meets the standards for satisfactory performance.

The Credit Union's fair lending data was reviewed to determine how it relates to the guidelines established by Regulatory Bulletin 2.3-101, the Division's Community Reinvestment Act and Fair Lending guidelines. A review of the public comment file revealed that the Credit Union received no complaints pertaining to the institution's CRA performance since the previous examination. A sample of the Credit Union's approved and denied consumer loan application files were reviewed for fair lending. No discriminatory practices were noted.

The Credit Union's staff is comprised of 7 full-time employees and 1 part-time employee.

The Credit Union's marketing efforts appear to adequately reach members of all income levels. The institution evaluates both the products it offers and its product mix to help determine whether those products are responsive to the needs of its members.

PERFORMANCE EVALUATION DISCLOSURE GUIDE

Massachusetts General Laws Chapter 167, Section 14, as amended, and the Uniform Interagency Community Reinvestment Act (CRA) Guidelines for Disclosure of Written Evaluations require all financial institutions to take the following actions within 30 business days of receipt of the CRA evaluation of their institution:

- 1) Make its most current CRA performance evaluation available to the public;
- 2) At a minimum, place the evaluation in the institution's CRA public file located at the head office and at a designated office in each assessment area;
- 3) Add the following language to the institution's required CRA public notice that is posted in each depository facility:

"You may obtain the public section of our most recent CRA Performance Evaluation, which was prepared by the Massachusetts Division of Banks, at (138 Main Street, Melrose, MA 02176)."

[Please Note: If the institution has more than one assessment area, each office (other than off-premises electronic deposit facilities) in that area shall also include the address of the designated office for that assessment area.]

- 4) Provide a copy of its current evaluation to the public, upon request. In connection with this, the institution is authorized to charge a fee which does not exceed the cost of reproduction and mailing (if applicable).

The format and content of the institution's evaluation, as prepared by its supervisory agency, may not be altered or abridged in any manner. The institution is encouraged to include its response to the evaluation in its CRA public file.